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# Tunisia

# Grain and Feed

# Annual

# 2006

**Approved by:**
Michael Fay
U.S. Embassy

**Prepared by:**
Abdelkarim SMA

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**Report Highlights:**

Tunisian cereal production for 2006 is expected to fall by nearly 20 percent compared to last year's total output because of lower yields. Meanwhile, corn imports fell sharply in 2005 because of a bird flu induced slowdown in the Tunisian poultry sector, despite the absence of a reported case of avian influenza in country.

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Includes PSD Changes: No
Includes Trade Matrix: No
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## I- SITUATION AND OUTLOOK

### Production

The 2005 cereal crop (winter wheat and barley) harvested over the period June-August 2005 was pegged at nearly 2.1 million MT. This figure breaks down by major growing region as well as by type of cereal as follows:

| Cereal | MY | Seeded Area | | Harvested Area | | Output | | Yield | |
|---|---|---|---|---|---|---|---|---|---|
| | | North | Center & South | North | Center & South | North | Center & South | North | Center & South |
| Durum Wheat | MY04 | 501 | 380 | 482 | 343 | 1061.8 | 334.3 | 2.20 | 0.97 |
| | MY05 | 504 | 309 | 498 | 189 | 1101.0 | 189.6 | 2.21 | 1.00 |
| Soft Wheat | MY04 | 134 | 21 | 129 | 20 | 308.9 | 17.0 | 2.39 | 0.85 |
| | MY05 | 130 | 18 | 129 | 11 | 324.6 | 11.6 | 2.52 | 1.05 |
| Barley | MY04 | 223 | 379 | 214 | 346 | 331.3 | 286.3 | 1.55 | 0.83 |
| | MY05 | 194 | 276 | 190 | 191 | 293.2 | 172.0 | 1.54 | 0.90 |
| Total by region | MY04 | 858 | 780 | 825 | 709 | 1702.0 | 637.6 | 2.06 | 0.90 |
| | MY05 | 828 | 603 | 817 | 391 | 1718.8 | 373.2 | 2.10 | 0.95 |
| **Overall total** | **MY04** | **1,638.0** | | **1,534.0** | | **2,339.6** | | **1.53** | |
| | **MY05** | **1,431.0** | | **1,208.0** | | **2,092.0** | | **1.73** | |
| | **Average MY 00-04** | **1,435.0** | | **1,048.0** | | **1,641.0** | | **1.52** | |

Source: Tunisian Ministry of Agriculture.
Units: Seeded and harvested areas: 1000 ha; Output: 1000 MT; Yield (output/harvested area): MT/ha

Plantings decreased noticeably compared to the preceding growing season especially in the center and south regions due to rainfall shortages in the fall.

The grain output recorded in the north, the major cereal-growing region, edged up as it was driven by better yields. Countrywise, the output is significantly down from the previous year's level but still above the 5-year average (MY 2000-MY 2004).

MY 06 cereal crop has yet to be harvested. Growing season started under favorable weather conditions despite delayed rains in October 2005. Precipitation received from November 2005 until February 2006 was both sufficient and timely. Plantings at nearly 1.5 million hectares are roughly equivalent to those reported last season. Supply of seeds and fertilizers went on with no significant disruptions.

Those favorable conditions were prevailing until wheat broke out of dormancy in late February/early March. Since then, the entire northwest region, the main producing area, received no rainfall. This is highly problematic especially during the current moisture-sensitive heading to filling stages of crop development. This situation was compounded by a heat wave during the second week of April, which accelerated the water evaporation, and thus decreased soil moisture.

The absence of rainfall starting from mid March is believed to having already reduced yield for all cereals (durum, soft wheat, and barley) by up to 20 percent compared to last year's levels.

**Wheat Production**

Outlook for 2006 crop is tentatively pegged at 1.3 million MT reflecting a drought-induced yield decrease during the critical stage of heading/filling. Pest conditions are normal as only some limited outbreaks of fungus diseases were reported in about 4,000 Ha of cropland along with some limited weed infestations

Post's 2005 previous estimate for wheat production is revised upward to reflect both larger-than-expected harvested cropland and yield. Durum wheat made up nearly 80 percent of the entire production whereas soft wheat accounted for the remainder.

**Barley Production**

Barley production for 2005 is at 465,000 MT, a figure consistent with post's previous forecast. 2006 barley production forecast is tentatively pegged at 350,000 MT, reflecting an expected significant yield drop in the whole country due to insufficient rainfall during the months of March and April, 2006.

**Consumption**

The overall wheat utilization continues to be steady at around 2.4 million MT. Each year up to 200,000 MT are earmarked for seeding purposes. The remaining quantity (2.2 million MT) is channeled to the milling industry to cover the needs of a 10-million population.

Baking flour derived from soft wheat accounts for roughly 40 percent of the milling output whereas durum wheat semolina and products thereof (pasta & couscous) make up the balance.

Coarse grains' (barley and corn) quasi-exclusive utilization is livestock feeding. Barley consumption is erratic. It tends to soar during drought seasons, as barley is over-fed to cattle to make up the shortage of green forage. During MY 05 consumption is estimated at nearly 900,000 MT.

Corn usage is significantly down. It is estimated at 450,000 MT during the current MY 05, nearly one-third down from consumption's levels reported in MY 04. This drop is mainly ascribed to the AI-driven slowdown in the poultry sector.

Although the country is still officially AI-free, disruptions encountered in the poultry sector continue to weigh heavily on corn usage, as this cereal continues to be the mainstay of poultry feeding. AI-related fears seem to be subsiding and consumer demand for poultry products is picking up steadily albeit slowly. MY 06 corn consumption is expected to reflect this situation.

**Trade**

MY 05 wheat imports are estimated at 1 million MT, a level equivalent to the overall quantity shipped into the country during the last marketing year. The bulk of wheat shipments are made up of soft wheat, a commodity for which Tunisia runs a structural deficit no matter how good the local harvest.

MY 06 forecast for wheat imports is based on the assumption that domestic production will shrink an estimated 20 percent.

In MY 05, Black Sea countries (Ukraine and Russia) and, to a lesser extent, Syria and France provided the bulk of wheat shipped into Tunisia. This wheat has been purchased at a substantial discount to U.S.-origin wheat, effectively blocking U.S. sales.

Despite this price-related lack of competitiveness, nearly 37,000 MT of U.S.-origin durum (US HAD # 3) were bought last February by the Tunisian Office of Cereals for delivery in March and April, 2006.

As for U.S.-origin wheat sales prospects in Tunisia for MY 06, there is some potential for durum sales due to the expected drop in domestic production. Sales of HRW remain unlikely given the price spread with wheat sourced from FSU countries.

MY 05 Tunisian wheat exports, entirely made up of wheat products (flour, semolina and products thereof) to Libya and some sub-Saharan African countries, were on the rise: nearly equivalent to double the quantities shipped in the preceding marketing year.

MY 05 barley imports are so far running at nearly 400,000 MT. U.S.-origin barley is back into the market for the first time since MY 01. Post expects a higher barley volume to be imported over the next marketing year to account for the expected drop in domestic production.

MY 05 overall corn imports are estimated at 500,000 MT, nearly 20 percent less compared to import levels reported in the preceding marketing year. The demand has markedly slackened due to slowdown in poultry production. MY 06 forecast is pegging overall corn imports at 600,000 MT. This import level reflects an expected upturn in poultry consumption but is still below import levels recorded prior to the AI-related poultry industry’s woes.

## Policy

Recent policy developments pertaining to the Tunisian cereal sector are:

- For the first time in nearly 5 years, farm-gate prices for wheat and barley, which are set by the Office of Cereals, were adjusted slightly upward in 2005 to account for inflation. They are currently at respectively TD 305 per MT for durum wheat (equivalent to US$ 226 per MT at the current exchange rate of US$ 1.00/TD 1.35), TD 270 per MT for bread wheat (equivalent to US$ 200 per MT) and TD 180 per MT for barley (equivalent to US$ 133 per MT).

- In 2005, the Office of Cereals authorized private operators to participate in collecting the domestic crop. This move is seen as a prelude to a full liberalization of grain marketing in Tunisia. The legal framework, however, remains unchanged, as the Office of Cereals still enjoys wheat imports monopoly.

- GOT promulgated a decree on January 2006 (Decree # 2006-4 dated January 3 2006) whereby TRQ with a zero in-quota customs duty were set for the following grain products. Waiving customs duties on these products is meant to reduce feed prices in an attempt to bolster livestock production.

| Tariff | Product | Quantity (in MT) |
|---|---|---|
| 100300 | Feed barley | 700,000 |
| 120929 | Feed sorghum | 600 |
| 230230 | Wheat bran | 200,000 |
| 230310 | Corn gluten feed | 100,000 |

Source: Tunisian Decree # 2006-4

A similar measure was taken at the beginning of 2005 and resulted in filling rates of nearly 170 percent for barley, 35 percent for sorghum, 36 percent for wheat bran, and 100 percent for gluten feed. The latter, a new-to-market feed product for which a small 10,000 MT was announced in 2005 is being promoted by U.S. Grains Council as a cheaper alternative to wheat bran in dairy rations. Corn gluten feed, so far exclusively sourced from the US, is benefiting from a relatively strong demand as Tunisian feed formulators are enticed by a relatively cheap feed ingredient. This has prompted GOT to increase the 2006 TRQ ten-fold from its 2005 level. Post expects 2006 fillings rates to be around levels reached in 2005, except for barley for which 2006 import outlook is currently pegged at 350,000 MT.

## II- II-STATISTICAL SECTION

| PSD Table | | | | | | |
|---|---|---|---|---|---|---|
| Country | Tunisia | | | | | |
| Commodity | Wheat | | | | (1000 HA)(1000 MT) | |
| | 2004 | Revised | 2005 | Estimate | 2006 | Forecast |
| | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] |
| Market Year Begin | | 07/2004 | | 07/2005 | | 07/2006 |
| Area Harvested | 974 | 980 | 830 | 827 | 0 | 800 |
| Beginning Stocks | 678 | 460 | 829 | 694 | 779 | 728 |
| Production | 1722 | 1722 | 1450 | 1626 | 0 | 1300 |
| TOTAL Mkt. Yr. Imports | 1079 | 1053 | 1200 | 1000 | 0 | 1200 |
| Jul-Jun Imports | 1079 | 1053 | 1200 | 1000 | 0 | 1200 |
| Jul-Jun Import U.S. | 0 | 0 | 0 | 37 | 0 | 100 |
| TOTAL SUPPLY | 3479 | 3235 | 3479 | 3320 | 779 | 3228 |
| TOTAL Mkt. Yr. Exports | 100 | 88 | 100 | 192 | 0 | 200 |
| Jul-Jun Exports | 100 | 88 | 100 | 192 | 0 | 200 |
| Feed Dom. Consumption | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL Dom. Consumption | 2550 | 2400 | 2600 | 2400 | 0 | 2400 |
| Ending Stocks | 829 | 694 | 779 | 728 | 0 | 628 |
| TOTAL DISTRIBUTION | 3479 | 3182 | 3479 | 3320 | 0 | 3228 |

**NB**: Import and export trade matrixes feature CY Trade figures because MY Trade figures are available on an aggregate basis only and therefore cannot be broken down by country of origin.

| **Export Trade Matrix** | | | |
|---|---|---|---|
| **Country** | Tunisia | | |
| **Commodity** | Wheat | | |
| Time Period | CY | Units: | 1,000 MT |
| Exports for: | **2004** | | **2005** |
| | | | |
| U.S. | 0 | U.S. | 0 |
| Others | | Others | |
| Libya | 59 | Libya | 133 |
| Senegal | 6 | Senegal | 6 |
| Niger | 11 | Niger | 20 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total for Others | 76 | | 159 |
| Others not Listed | 12 | | 33 |
| **Grand Total** | **88** | | **192** |

| | | | |
|---|---|---|---|
| **Import Trade Matrix** | | | |
| **Country** | Tunisia | | |
| **Commodity** | Wheat | | |
| Time Period | CY | Units: | 1,000 MT |
| Imports for: | **2004** | | **2005** |
| U.S. | 107 | U.S. | 0 |
| **Others** | | **Others** | |
| France | 184 | France | 77 |
| Russia | 135 | Russia | 229 |
| Ukraine | 171 | Ukraine | 483 |
| Brazil | 97 | Brazil | 0 |
| Argentina | 51 | Argentina | 0 |
| Bulgaria | 73 | Bulgaria | 51 |
| Canada | 58 | Canada | 22 |
| Spain | 21 | Spain | 27 |
| Syria | 34 | Syria | 81 |
| | | | |
| | | | |
| Total for Others | 824 | | 970 |
| Others not Listed | 85 | | 73 |
| **Grand Total** | **1016** | | **1043** |

**Barley**

| PSD Table | | | | | | |
|---|---|---|---|---|---|---|
| Country | Tunisia | | | | | |
| Commodity | Barley | | | | (1000 HA)(1000 MT) | |
| | 2004 | Revised | 2005 | Estimate | 2006 | Forecast |
| | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] |
| Market Year Begin | | 07/2004 | | 07/2005 | | 07/2006 |
| Area Harvested | 560 | 560 | 380 | 380 | 0 | 350 |
| Beginning Stocks | 129 | 160 | 342 | 260 | 207 | 225 |
| Production | 617 | 400 | 465 | 465 | 0 | 350 |
| TOTAL Mkt. Yr. Imports | 496 | 650 | 400 | 400 | 0 | 500 |
| Oct-Sep Imports | 514 | 600 | 300 | 350 | 0 | 500 |
| Oct-Sep Import U.S. | 0 | 0 | 0 | 58 | 0 | 0 |
| TOTAL SUPPLY | 1242 | 1160 | 1207 | 1125 | 186 | 1075 |
| TOTAL Mkt. Yr. Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Oct-Sep Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Dom. Consumption | 850 | 850 | 950 | 850 | 0 | 850 |
| TOTAL Dom. Consumption | 900 | 900 | 1000 | 900 | 0 | 900 |
| Ending Stocks | 342 | 260 | 207 | 225 | 0 | 175 |
| TOTAL DISTRIBUTION | 1242 | 1160 | 1207 | 1125 | 0 | 1075 |

| **Import Trade Matrix** | | | |
|---|---|---|---|
| **Country** | Tunisia | | |
| **Commodity** | Barley | | |
| Time Period | CY | Units: | 1000 MT |
| Imports for: | **2004** | | **2005** |
| U.S. | 0 | U.S. | 58 |
| Others | | Others | |
| Ukraine | 92 | Ukraine | 176 |
| Bulgaria | 27 | Bulgaria | 23 |
| Russia | 27 | Russia | 51 |
| France | 5 | France | 81 |
| UK | 0 | UK | 121 |
| Holland | 0 | Holland | 102 |
| Germany | 0 | Germany | 50 |
| | | | |
| | | | |
| | | | |
| Total for Others | 0 | | 604 |
| Others not Listed | | | 19 |
| **Grand Total** | **151** | | **681** |

**Corn**

| | | | | | | |
|---|---|---|---|---|---|---|
| **PSD Table** | | | | | | |
| **Country** | Tunisia | | | | | |
| **Commodity** | Corn | | | | (1000 HA)(1000 MT) | |
| | 2004 | Revised | 2005 | Estimate | 2006 | Forecast |
| | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] |
| **Market Year Begin** | | 07/2004 | | 07/2005 | | 07/2006 |
| **Area Harvested** | 1 | 0 | 1 | 0 | 0 | 0 |
| **Beginning Stocks** | 10 | 48 | 10 | 50 | 11 | 50 |
| **Production** | 1 | 0 | 1 | 0 | 0 | 0 |
| **TOTAL Mkt. Yr. Imports** | 619 | 632 | 500 | 500 | 0 | 600 |
| **Oct-Sep Imports** | 666 | 635 | 500 | 500 | 0 | 600 |
| **Oct-Sep Import U.S.** | 234 | 234 | 0 | 250 | 0 | 400 |
| **TOTAL SUPPLY** | 630 | 680 | 511 | 550 | 11 | 650 |
| **TOTAL Mkt. Yr. Exports** | 0 | 10 | 0 | 50 | 0 | 50 |
| **Oct-Sep Exports** | 0 | 10 | 0 | 50 | 0 | 50 |
| **Feed Dom. Consumption** | 620 | 620 | 500 | 450 | 0 | 550 |
| **TOTAL Dom. Consumption** | 620 | 620 | 500 | 450 | 0 | 550 |
| **Ending Stocks** | 10 | 50 | 11 | 50 | 0 | 50 |
| **TOTAL DISTRIBUTION** | 630 | 680 | 511 | 550 | 0 | 650 |

| **Import Trade Matrix** | | | |
|---|---|---|---|
| **Country** | Tunisia | | |
| **Commodity** | Corn | | |
| Time Period | CY | Units: | |
| Imports for: | **2004** | | **2005** |
| U.S. | 540 | U.S. | 202 |
| Others | | Others | |
| Argentina | 162 | Argentina | 264 |
| Ukraine | 0 | Ukraine | 109 |
| Canada | 21 | Canada | 0 |
| Romania | 0 | Romania | 27 |
| Russia | 0 | Russia | 14 |
| Bulgaria | 0 | Bulgaria | 41 |
| | | | |
| | | | |
| | | | |
| | | | |
| Total for Others | 183 | | 455 |
| Others not Listed | 0 | | 5 |
| **Grand Total** | **723** | | **662** |